

ASSEMBLY BILL

No. 1734

**Introduced by Committee on Utilities and Commerce (Reyes
(Chair), Calderon, Canciamilla, Diaz, Jerome Horton, Levine,
Nunez, and Ridley-Thomas)**

March 5, 2003

An act to amend and repeal Section 399.4 of, and to add Section 801 to, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1734, as introduced, Assembly Committee on Utilities and Commerce. Public utilities: energy efficiency budgets.

Under the Public Utilities Act, the Public Utilities Commission requires, until January 1, 2012, electrical corporations to identify a separate rate component to fund cost-effective energy efficiency and conservation activities. This rate component is a nonbypassable element of local distribution and collected on the basis of usage. Existing law requires specified electrical corporations to collect specific amounts to fund cost-effective energy efficiency and conservation activities.

This bill would require each electrical corporation and gas corporation to submit to the commission, an energy efficiency programs budget, at least 6 months prior to the proposed expenditure of the funds collected as a separate rate component to fund cost-effective energy efficiency and conservation activities. The bill would authorize each electrical corporation and gas corporation to include in the energy efficiency programs budget, their proposed expenditures under other specified programs the purposes of which include energy efficiency. The bill would authorize electrical

corporations and gas corporations to use multiple year budgeting for any energy efficiency program and would require the commission to approve the budget, or order that it be modified within 6 months of its submission. The bill would make other technical changes. Because violation of an order, decision, or rule of the commission is a crime under existing law, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 399.4 of the Public Utilities Code, as
2 added by Chapter 1050 of the Statutes of 2000, is repealed.

3 ~~399.4.—(a) (1) In order to ensure that prudent investments in~~
4 ~~energy efficiency continue to be made that produce cost-effective~~
5 ~~energy savings, reduce customer demand, and contribute to the~~
6 ~~safe and reliable operation of the electric distribution grid, it is the~~
7 ~~policy of this state and the intent of the Legislature that the~~
8 ~~commission shall continue to administer cost-effective energy~~
9 ~~efficiency programs authorized pursuant to existing statutory~~
10 ~~authority.~~

11 ~~(2) As used in this section, the term “energy efficiency”~~
12 ~~includes, but is not limited to, cost-effective activities to achieve~~
13 ~~peak load reduction that improve end-use efficiency, lower~~
14 ~~customers’ bills, and reduce system needs.~~

15 ~~(b) The commission, in evaluating energy efficiency~~
16 ~~investments under its existing statutory authorities, shall also~~
17 ~~ensure both of the following:~~

18 ~~(1) That local and regional interests, multifamily dwellings,~~
19 ~~and energy service industry capabilities are incorporated into~~
20 ~~program portfolio design and that local governments,~~
21 ~~community-based organizations, and energy efficiency service~~



~~providers are encouraged to participate in program implementation where appropriate.~~

~~(2) That no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.~~

SEC. 2. Section 399.4 of the Public Utilities Code, as added by Chapter 1051 of the Statutes of 2000, is amended to read:

399.4. (a) (1) In order to ensure that prudent investments in energy efficiency continue to be made that produce cost-effective energy savings, reduce customer demand, and contribute to the safe and reliable operation of the electric distribution grid, it is the policy of this state and the intent of the Legislature that the commission shall continue to ~~administer~~ *exercise regulatory oversight of those public utility* cost-effective energy efficiency programs authorized pursuant to existing statutory authority.

(2) As used in this section, the term “energy efficiency” includes, but is not limited to, cost-effective activities to achieve peak load reduction that improve end-use efficiency, lower customers’ bills, and reduce system needs.

(b) The commission, in evaluating energy efficiency investments under its existing statutory authorities, shall also ensure both of the following:

(1) That local and regional interests, multifamily dwellings, and energy service industry capabilities are incorporated into program portfolio design and that local governments, community-based organizations, and energy efficiency service providers are encouraged to participate in program implementation where appropriate.

(2) That no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators.

SEC. 3. Section 801 is added to the Public Utilities Code, to read:

801. (a) Each electrical corporation and gas corporation shall submit an energy efficiency programs budget to the commission at least six months prior to proposed expenditure.

(b) The proposed energy efficiency programs budget shall include proposed expenditures for programs authorized pursuant to Sections 381, 399.4, and 399.8.

(c) The proposed energy efficiency programs budget may include proposed expenditures for programs authorized pursuant to Sections 327, 379.5, 382, 701.1, 701.6, 796, 890, 900, or any

1 other program authorized by statute, by executive order, or by the
2 commission for purposes that include energy efficiency.

3 (d) An electrical corporation or gas corporation may submit an
4 energy efficiency programs budget that use multiple year
5 budgeting for any energy efficiency program.

6 (e) The commission shall approve or order modifications to the
7 energy efficiency budget within six months of submission, and if
8 the commission fails to approve or order modifications within six
9 months, the proposed budget shall be deemed approved.

10 SEC. 4. No reimbursement is required by this act pursuant to
11 Section 6 of Article XIII B of the California Constitution because
12 the only costs that may be incurred by a local agency or school
13 district will be incurred because this act creates a new crime or
14 infraction, eliminates a crime or infraction, or changes the penalty
15 for a crime or infraction, within the meaning of Section 17556 of
16 the Government Code, or changes the definition of a crime within
17 the meaning of Section 6 of Article XIII B of the California
18 Constitution.

